




RAPID CITY REGIONAL AIRPORT

www.rapairport.org

MEMORANDUM

TO: City Council
FROM: Patrick Dame, C.M., Executive Director 
DATE: December 17, 2015
RE: Airport Rates and Charges

On an annual basis, the Airport Board from the Rapid City Regional Airport sets rates and charges with the majority established through existing tenant concession and lease agreements. Due to our Federal Grant Assurances, the Airport has a requirement to be as self-sufficient as possible thereby uses current market rates to assist us in that process.

In the Airline rates and charges, the airport charges terminal rent and landing fees. We allocate terminal expenses and some Aircraft Rescue Firefighting (ARFF) to the terminal and divide it up amongst the air carriers by square footage and passenger loads. Airfield (electricity, snow removal, repairs, staff time and so on) and the remainder of ARFF expenses are charged to the air carriers based on their landed weight. Historically, the air carriers would not agree to pay for the level of ARFF services the airport is providing, so the airfield cost center operates at a loss as a result and must be subsidized by other airport revenues in an effort to remain competitive with other airports. There was no increase in these rates for the 2016 fiscal year.

Ground and agricultural lease rates are established through agreement and contain provisions for rent adjustments based on the previous year's CPI. For 2016, that increase is 1.6%.

The T-hangar lease rates are new for 2016 as the airport recently acquired an 8-unit T-hangar with the intent to sublease the space. Rates were established based on current market rates. Interest in the hangars has been significant and to date, four of the eight units have been reserved.

Fuel flowage and sales fees are established to cover airport administrative costs involved in maintaining fuel operations and provide revenue to the airport. There were no changes in these rates for 2016.

Concession rates (parking, rental cars, shuttle service, restaurant, gift shop, and advertising) are all set through contract agreements. There were no changes in these rates except for the parking lot. A new concessionaire was selected through an RFP process as the existing contract expired on December 31, 2015. Republic Parking will be operating the parking lot as of February 1, 2016 and installing a new PCI compliant revenue control system. The old system was obsolete and no longer compliant. The parking lot provides almost one-quarter of our operating revenue. It should be noted that parking rates have not been increased since 2010.

Other airport charges are set to recoup costs and cover administrative processing time. Some are also set by contract.

4550 TERMINAL ROAD • SUITE 102 • RAPID CITY • SOUTH DAKOTA 57703-8706 • 605-394-4195_{office} • 605-394-6190_{fax}

